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**Federal Communications Commission
Broadcast Ownership Rules Field Hearing
October 3, 2006**

**Tribune Company Presentation
Vincent Malcolm, Vice President & General Manager
KTLA, Channel 5, Tribune Broadcasting Company**

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Los Angeles Field Hearing

October 3, 2006

ORAL STATEMENT

Good morning, I am Vinnie Malcolm, vice president and general manager of KTLA, channel 5, owned by Tribune Company. Tribune also owns the Los Angeles Times. Although, I understand that the Federal Communications Commission is reviewing several broadcast ownership rules, the only one of concern to us is the newspaper/broadcast cross ownership ban, particularly as it applies to large markets. I am not a Washington lawyer or a lobbyist. I am a broadcaster. I hope that my everyday experience managing channel 5 helps you gain an appreciation of the competitive pressures we face in our on-going attempt to keep this free to the public, broadcast station competitive against pay TV services, namely cable and satellite, as well as new competition from the internet and other electronic information and entertainment sources.

I understand that media ownership concentration is of great concern to many here. Yet concentration in broadcasting pales in comparison to concentration in pay television, including both cable and satellite system operators and their programming networks. Recently Time Warner acquired ownership of Adelphia and Comcast's cable systems here in Los Angeles, giving Time Warner control of 70 percent of this market's cable subscribers. That economic hegemony and with it the inherent ability to pass costs through directly to subscribers has led to the migration of sports -- including Monday

Night Football – from free to pay. In your deliberations, perhaps you should factor how the exponential growth of pay TV has triggered the loss of programming from free TV and that a periodic loosening of broadcast ownership restrictions will increase the ability of the only free to the public TV service - broadcasting to remain free. Just a thought.

KTLA is America's very first Television station west of the Mississippi River. That means we have lived through and competed with every change, innovation, fad, style- you name it- since the invention of the cathode ray tube. We pioneered local "independent television", meaning in Los Angeles our principal competitors are network owned stations owned by the likes of General Electric, CBS, Disney and NewsCorp. Formidable competition indeed. Add to that hundreds of pay channels offered by the hugely successful cable MSOs, the satellite companies Direct and Dish, as well as the increasing competition offered by the internet, through streaming video and advertiser supported portals. Our video competitors are well financed and resourceful.

In 1975, when newspaper cross ownership was adopted, KTLA had a 9 household share. I wish it were otherwise, but by 2001, when the FCC launched its omnibus rulemaking, that share had shrunk to 7 percent of the market and in 2006 we are down to an average 3.7 percent share of audience. Not a healthy trend, but all the other local stations are in similar decline. The numbers speak volumes as to increased consumer options and the exponential growth of alternative media.

As mentioned, KTLA has always had to compete against the biggest names in broadcasting and cable. Then as now, the formula is to differentiate our signal from the national broadcast networks and nationally delivered pay channels. We achieve this in great measure through our locally produced news. Today, we broadcast 32 hours of locally-produced news weekly. As you may recall, the tape of Rodney King's beating by the Los Angeles police was first shown on KTLA.

Our competitors also have far deeper pockets than Tribune Company. Although we don't have the news gathering resources of NBC, CBS, ABC or FOX, we do have the enormous reporting capabilities of the Los Angeles Times. We use that asset to complement, augment and enrich our local news telecasts. In so doing, we think we are helping the newspaper as well.

The LA Times and KTLA have worked together on special programs that have added value to the communities of Los Angeles. They have led to changes in public policy and heightened awareness of the social issues facing our population. KTLA reporter Ron Olsen, based in the Los Angeles Times newsroom, has provided deeper coverage of Los Angeles stories broken by the LA Times and shared with KTLA viewers.

Here are some examples:

- "The Los Angeles Times Publisher's Forum: Solving the High School Dropout Crisis" which aired less than three weeks ago on Saturday, September 16, 2006.

- The Los Angeles Times Poll report from KTLA's Ron Olsen shortly before the 2004 Presidential election featuring LA Times National Political Editor Don Frederick.
- A KTLA excerpt from a Los Angeles Times investigative report on alleged corruption at a Chumash Indian Gaming casino.
- "The Los Angeles Times Publisher's Forum: Solving the Homeless Crisis" with LA Times reporter Steve Lopez.
- An excerpt from a series on the crisis at the local King Drew Medical Center which was a Times investigation that KTLA adapted for our television news viewers.
- A KTLA produced 2-1/2 hour special report on disaster preparedness, "When Disaster Strikes, A Survival Guide." The LA Times distributed a helpful insert section for viewers and readers alike on how to prepare for the natural disasters Southern California will eventually face.

In summary, the Los Angeles Times/KTLA collaboration has been most salutary for KTLA for many reasons including:

- The LA Times has a cadre of reporters that no television station could afford especially in the case of KTLA which has no television duopoly advantage.
- KTLA News has been the recipient of leads and stories that otherwise, our reporters could never have researched or discovered on their own.

- KTLA has widened the depth and breadth of the reporting of many of our community issues by having the resources of a major metropolitan newspaper.
- KTLA has benefited from the large archival resources of the newspaper.
- The Times has benefited from KTLA's wide audience sweep in turning viewers into readers.
- The Times has benefited from KTLA video on latimes.com.
- Despite cultural differences in news gathering, KTLA and the Los Angeles Times have managed to combine breaking news philosophies with the newspaper's ability to report more in-depth. This has been a win-win for the people of Los Angeles.

In closing, let me quote from the Federal 3rd Circuit's remand of the FCC's most recent omnibus broadcast rulemaking. Although critical of much of the Commission's decisions, the Court stated and I quote "The Commission's decision not to retain a ban on newspaper/broadcast cross-ownership is justified under sec. 202(h) and is supported by record evidence." The Court went on to write that "newspaper/broadcast combinations can promote localism" and "a blanket prohibition on newspaper/broadcast combinations is not necessary to protect diversity."

We at KTLA and the Los Angeles Times could not agree more.

Thank you.

LOS ANGELES MARKET ANALYSIS

The Los Angeles DMA, with over five and a half million television homes, is the second largest in the United States. The traditional media outlets are operated by more than 70 independent “voices,” including 21 independently-owned television stations (17 of which are separate commercial station operators). In Los Angeles, Tribune publishes the *Los Angeles Times* (the “*LA Times*”) and owns and operates KTLA, Channel 5, an affiliate of The CW Network.

Television Stations. Today, there are 26 broadcast television stations in Los Angeles, compared with 25 in 2001, and 15 in 1975. These stations are owned by 21 distinct owners, including the four largest networks. Three of these networks (NBC, FOX, and CBS) own duopolies in the market. Of the 13 broadcast stations with more than a 1 share in 2001, no station currently has more than an 8.6 share, sign-on to sign-off, in Los Angeles, down from 22 in 1975 and 12 in 2001.

Los Angeles TV Stations With A 1 Share or Greater¹

Station	Owner	Affiliation	1975	2001	2006
KABC-TV, Channel 7	ABC, Inc./Disney	ABC	20	11	8.6
KMEX-TV, Channel 34	Univision Communications	Univision	<1	7	7.9
KCBS-TV, Channel 2	CBS Corp.	CBS	21	7	6.1
KNBC, Channel 4	NBC Universal	NBC	22	12	5.9
KTTV, Channel 11	Fox Television Stations	FOX	12	7	5.9
KTLA, Channel 5	Tribune Broadcasting Co.	CW	9	7	3.7
KCAL-TV, Channel 9	CBS Corp.	Independent	7	5	3.4
KCOP, Channel 13	Fox Television Stations	MyNetworkTV	4	5	2.3
KVEA, Channel 52	NBC Universal	Telemundo	<1	3	2.2
KCET, Channel 28	Community TV of Southern Cal	PBS	NA	3	2.1
KFTR, Channel 46	Univision Communications	Telefutura	<1	<1	2.1
KWHY, Channel 22	NBC Universal	Telemundo	<1	1	1.3
KRCA, Channel 62	Liberman Broadcasting	Independent	NA	NA	1.3

¹ Audience shares are from the Nielsen Station Index for May of the year listed.

The Los Angeles television market has grown increasingly diverse and competitive since 1975, a trend that has continued since 2000, when Tribune acquired the *Los Angeles Times*. In May 2006, the highest-rated television station in the market received an 8.6 share, and only one other station earned better than a 7 share. Five years ago, in May 2001, KNBC received a 12 share, KABC-TV received an 11 share, and four other stations, including KTLA, earned approximately a 7 share. Despite the decline in ratings for broadcast television stations marketwide, in May 2006, 11 stations received a 2 share or better, one more than five years ago, in May 2001. By contrast, in 1975, when the highest-rated station in the Los Angeles DMA earned a 22 share (KNBC), of the 15 television stations in the market at the time, five earned a 9 share or better, including KTLA (with a 9 share). At that time, however, only seven stations earned better than a 2 share, compared to the 11 stations at the present time.²

KTLA's ratings history, especially during the period of common ownership with the *Los Angeles Times*, shows that common ownership has not increased KTLA's market share, and that television broadcasting in the DMA has become more diverse and competitive during the past six years. For the May 2006 Nielsen ratings period, KTLA was the sixth-ranked station in the market, receiving a 1.4 rating and a 3.7 share in total household all-day ratings. KTLA's share decreased from a 7 in May 2001, when it was the fifth-rated television station in the market, to below 4 in May 2006.³ These ratings strongly suggest that KTLA does not have any cognizable market power over viewership, and that its combination with the *LA Times* has not adversely impacted competition in the market.

² Tribune has not listed ratings for KSCI, Long Beach; KVCR, San Bernadino; KPXN, San Bernadino; KVMD, Twenty-Nine Palms; KXLA, Ranch Palos Verdes; KOCE, Huntington Beach; KAZA, Avalon; KDOC, Anaheim; KJLA, Ventura; KLCS, Los Angeles; KBEH, Oxnard; and KHIZ, Barstow, all of which also operate in the DMA.

³ It is also worth noting that KTLA earned a 9 share in 1975, and thus has seen its audience share decrease by more than 50% since the time the Rule was adopted.

As ratings in the market have decreased and become more balanced, local news coverage by the broadcast television stations has reached an all-time high of 255 hours per week, compared with 237 hours in 2001.

Hours of Local News Per Week and Late Evening News Ratings

Station	Current Affiliation	Hours/Wk 2001	Hours/Wk 2006	1975	2001	2006
KABC, Channel 7	ABC	34	40	9	7.0	
KNBC, Channel 4	NBC	10	7.6	10	7.6	
KTLA, Channel 5	CW	24.5	32	3	5.3	
KCBS, Channel 2	CBS	28.5	28	9	4.5	
KMEX, Channel 41	Univision	17	17	1	3.5	
KCAL, Channel 9	Independent	31	38.5	2	2.9	
KTTV, Channel 11	FOX	24.5	33	5	4	
KVEA, Channel 52	Telemundo	19.5	17	NA	1.4	
KWHY, Channel 22	Telemundo	12.5	9.5	NA	0.8	
KCOP, Channel 13	MyNetworkTV	6	7	1	2.2	

KTLA produces 32 hours of regularly-scheduled local news per week, up from 24.5 hours at the time KTLA acquired the *Los Angeles Times*. At least nine other television stations provide news, with six separate and independently owned full-service television operators in Los Angeles providing at least 17 hours or more per week of news programming.⁴ Six of these television stations and five separate television station owners exceed 27 hours per week of regularly-scheduled news programming. As these facts and trends show, while ratings for broadcast television have decreased, the delivery of news in the Los Angeles market is more plentiful and competition is more intense than ever.

⁴ The source for news program hours is Los Angeles Nielsen Galaxy System, May & July 2006; all ratings are from the Nielsen Station Index for May of the year provided.

MVPD Presence in the DMA. Over 56% of television households in Los Angeles subscribe to cable, and an additional 28% subscribe to DBS. Together, cable, DBS, and other MVPDs are able to reach more than 85% of television households in Los Angeles,⁵ up from an aggregate of 77% penetration in 2001. During the same period between 2001 and 2006, numerous cable networks have garnered more significant shares of viewers relative to their broadcast competitors. For example, four cable networks (TNT, Nickelodeon, The Disney Channel, and Cartoon Network) ranked among the top 15 channels viewed, and an additional four cable networks (ESPN, USA Network, MTV, and Fox News Channel) made the top 20. And while cable systems in Los Angeles delivered between 75 and 88 channels in 2001, these systems now deliver more than twice as many channels.⁶

Newspapers. In addition to Tribune's publication of the *Los Angeles Times*, more than 10 other entities publish daily newspapers in Los Angeles, including the *Los Angeles Daily News*, the *Orange County Register*, the (Riverside) *Press-Enterprise*, and *La Opinion*. Like many other markets across the United States, however, the combined circulation of the daily newspapers in Los Angeles has fallen precipitously since 2001, and even since 1975, despite substantial population growth.

Top Daily Newspapers	1975 Circulation	2001 Circulation	2006 Circulation
<i>Los Angeles Times</i>	1,000,866	1,001,610	851,832
<i>The Orange County Register</i>	195,385	324,056	299,824
<i>Daily News (+ editions)</i>	Not Published Daily	178,156	157,020 (+75,988)
<i>Herald-Examiner</i>	398,421	Not Published	Not Published
<i>The Press-Enterprise</i>	NA	NA	185,053
<i>Star Newspapers</i>	NA	NA	184,289
<i>La Opinion</i>	Not Published	127,576	123,447

⁵ This figure includes telephone company video subscribers.

⁶ 2001 Tribune Comments at 20.

The circulations of these newspapers have fallen, even as the population of Los Angeles has grown by more than 40% between 1980 and 2000.⁷ In contrast to the circulation of daily newspapers, at least 128 weekly newspapers are published and distributed within the Los Angeles DMA, an all-time high. Weekly publications now reach more than 40% of the households in the DMA, or approximately 2,156,000 homes. While the publishers of the major Los Angeles dailies also publish weeklies, other major publishers also have significant weekly publications, including Freedom Communications, Brehm Communications, Community Media, Belo, Century Group Newspapers, Grace Communications, and Wave Newspapers.⁸

Radio Stations. The Los Angeles DMA contains 195 commercial and non-commercial AM and FM radio stations, owned by 86 separate entities.⁹ Of the 195 stations in the DMA, 40 English-language radio stations, operated by 29 different broadcasters, have varied formats that focus on news, talk, sports, information, education and religion. 48 stations, operated by 22 different broadcasters, are identified with Hispanic or ethnic formats. 99 stations, operated by 48 different broadcasters, are identified with a variety of music formats, and two stations owned by two different broadcasters are identified with a children's format.

Within the Los Angeles radio market as defined by FCC in its *2003 Order*, there are 90 stations with 43 separate owners. Of these 90 stations, 31 English-language stations operated by 20 different broadcasters have formats that focus on news, talk, sports, information, education and religion. Some 27 stations operated by 11 different broadcasters are identified

⁷ 2001 Tribune Comments, at 20. The population grew from 11,497, 548 to 16,376,645.

⁸ While Tribune here has listed the top 7 daily newspaper publishers in the Los Angeles DMA, there are at least 21 daily newspapers published and distributed there, with at least 12 published by separate and distinct owners.

⁹ Radio station counts and data have been supplied from the BIA database.

with Hispanic or ethnic formats. Some 31 stations operated by 21 different broadcasters are identified with music formats, and one station has a children's format.

For many of these stations, digital radio now offers listeners additional programming choices, an option not available in 2001. In addition to terrestrial radio, both XM and Sirius offer satellite radio programming on a subscription basis to Los Angeles residents, each with over 100 channels of format and variety.

The Internet. More than 60% of the population in the Los Angeles DMA accesses the internet, and nearly 75% of those users have a residential broadband connection. Websites owned by Yahoo!, Google, and Microsoft currently lead audience measurement metrics across the board, including the average yearly reach, number of pages viewed and used, and average usage days per month. These measurements significantly exceed those of websites from traditional broadcasters and newspapers, and provide not only national news and information, but aggregated access to local news, sports, and weather as well.

For example, for March 2006, "Yahoo! News" and "My Yahoo!" had a reach of 27.9% and 26.5% respectively, and msnbc.com had a reach of 18.1%. "Yahoo! Local" also had a reach of 11.5%, while Google Local had a reach of 15% and citysearch.com had a reach of 11.9%. All of these independent websites thus had a reach exceeding that of the latimes.com, which had a reach of 10.3%.¹⁰ Moreover, while latimes.com had an average of 8.6 pages viewed each month and 5.9 average pages used per day, "Yahoo! News" had averages of 73 pages viewed and 6.0 average pages used per day, while msnbc.com had 33 pages viewed and 5.9

¹⁰ In fact, March 2006 was the first time that latimes.com's reach exceeded 10%. On the other hand, from March 2005 to March 2006, the five dominant websites ("Yahoo! News," "My Yahoo!," and "Yahoo! Local," msnbc.com and "Google Local") each more than doubled latimes.com's average reach, as did msnbc.com and "Google Local."

average pages used per day. Finally, while latimes.com had 2.3 average usage days per month per visitor, “My Yahoo!,” “Yahoo! News,” msnbc.com, and Google News/Google Local had averages of 9.7, 5.5, 4.1, and 5.1, respectively. As in New York, hundreds of local websites address news and information in Los Angeles, including more than 50 local Los Angeles blogs, proving that there is no shortage of outlets from which the public can obtain news, views and information in Los Angeles.¹¹

¹¹ See Richard Rushfield, Jason Oberfest, www.lablogs.com. See, e.g., LA Observed, <http://www.laobserved.com>; Ron Fineman’s On the Record, <http://www.ronfineman.com>; The Huffington Post, <http://www.huffingtonpost.com>; Defamer, the L.A. Gossip Rag, <http://www.defamer.com>; FishBowlLA, <http://www.mediabistro.com/fishbowl>; Insider’s Guide to Los Angeles, <http://www.la.com/blog/weblog.php>; LAist, <http://www.laist.com>; Metroblogging Los Angeles, <http://blogging.la>; Keeping Los Angeles Fun, <http://www.losangealous.com>; Los Angeles Speaks Here, <http://lavoice.org>; The Hollywood Liberal, www.thehollywoodliberal.com; Patterico’s Pontifications, <http://patterico.com>; Starked LA, www.starked.com; Rough & Tumble, www.rumble.com; The Roundup, <http://www.capitolbasement.com>; Capitol Weekly, <http://www.capitolweekly.net>; California Insider, <http://www.sacbee.com/static/weblogs/insider>; The California Observer, <http://caobserver.blogspot.com>; Joe Scott, <http://www.joescott3.com>; Pineda Consulting, <http://www.pinedaconsulting.com>; Greg Dewar, <http://gregdewar.com>; Dodger Thoughts, <http://dodgerthoughts.baseballtoaster.com>; Hollywood, Interrupted Premium, www.hollywoodinterrupted.com; TrojanWire, www.trojanwire.com; Tonypierce.com + busblog, <http://www.tonypierce.com/blog/blogg.htm>; Michael Williams—Master of None, www.mwilliams.info; Art blogging.la, <http://artblogging.la>; Franklin Avenue, <http://franklinavenue.blogspot.com>; Green LA girl, <http://greenlagirl.com>; SoCal Law Blog Standard Ad, www.socallawblog.com; Mayor Sam’s Sister City, <http://mayorsam.blogspot.com>; Life in Downtown Los Angeles, <http://blogdowntown.com>; Lakers Blog, <http://lakersblog.latimes.com>; Curbed LA, <http://la.curbed.com>; Gridskipper-Los Angeles, <http://www.gridskipper.com/travel/los-angeles/index.php>; Cityfeeds.com-Los Angeles, <http://losangeles.cityfeeds.com>; Movie City News, <http://www.moviecitynews.com/index.html>; Hollywood Elsewhere, <http://www.hollywood-elsewhere.com>; The Aesthetic, <http://www.theaesthetic.com>; The LALA Times, <http://www.lalalimes.com>; Los Angeles Independent Media Center, <http://la.indymedia.org>; Desire LA, <http://desirelosangeles.com>; City Watch LA, <http://www.citywatchla.com/index.html>; Civil Action Press, <http://civilactionpress.blogspot.com>; Moore for Mayor, <http://waltermoore.blogspot.com>; Antonio Watch, <http://www.antoniowatch.com/home/>; LA City, <http://lacityorgcd11.blogspot.com>; Eric Garcetti blog, <http://www.cd13.com>; Janice Hahn blog, <http://janicehahn.org>; LA Animal Services, <http://laanimalservices.blogspot.com>; LA Fire Department blog, <http://lafdblog.blogspot.com>; LA Police Department blog, http://lapdblog.typepad.com/lapd_blog/; LA Brain Terrain, <http://www.labrainterrain.com>; LA Stories, <http://lastories.com/index.html>.